

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

| | | |
|---------------------------------------------|---|-----------------------|
| Investigation by the Department of |) | |
| Telecommunications and Energy on its |) | |
| Own Motion into Standards for |) | D.T.E. 05-86-D |
| Arrearage Management Programs for |) | |
| Low-Income Customers, Pursuant to |) | |
| St. 2005, c. 140, § 17 |) | |

COMMENTS OF KEYSPAN ENERGY DELIVERY NEW ENGLAND

I. Introduction

On December 30, 2005, KeySpan Energy Delivery New England (“KeySpan” or the “Company”)¹ submitted information to the Department of Telecommunications and Energy (the “Department”) regarding its programs designed to assist consumers with mitigating arrearages and managing their gas bill. Subsequently, on January 6, 2006 the Company attended the Department’s public hearing in this docket and on January 10, 2006 met with a number of low –income consumer advocates² to discuss possible enhancements to the KeySpan Arrearage forgiveness program. The Company is pleased to report that as a result of the January 10, 2006 meeting it has reached an understanding with the Low-Income consumer advocates on program enhancements. While the final details of the program remain to be worked out, the general parameters of the program are discussed in section II below. While the Company’s December 30, 2005 comments

¹ The local distribution companies in Massachusetts that do business as KeySpan Energy Delivery New England are: Boston Gas Company, Colonial Gas Company and Essex Gas Company.

² Represented on the call were: The Massachusetts Energy Directors Association, The Massachusetts Community Action Program Directors, Action for Boston Community Development (“ABCD”) and the Low –Income Energy Affordability Network (“LEAN”).

focused broadly on conservation and bill management, these comments are focused specifically on arrearage forgiveness.

II. Additional Arrearage Forgiveness

As discussed above, On January 10, 2006 KeySpan met with the low income consumer advocates. As a result of that meeting KeySpan is proposing additional arrearage forgiveness for its low-income customers as follows:

A. Eligibility

To be eligible for the KeySpan Arrearage Management program an applicant must be:

- (i) the customer of record of the Company, (ii) a gas heating account for a one or two family residential dwelling (iii) have an arrears balance of greater than \$600, (iv) have a household income of no greater than 200% of the federal poverty level (v) have a demonstrated ability to maintain a reasonable deferred payment agreement ("DPA") (vi) have a demonstrated ability to maintain current balance billing charges in addition to the DPA amount. (vii) the customer may not have been previously enrolled in the program (viii) the customer may not be a participant in the Company's On Track Program.

Cap agencies located in the KeySpan service territory may refer eligible customers to KeySpan for enrollment in the KeySpan Arrearage Management Program. In addition to certifying that the customer qualifies for the program, it shall be the CAP Agency's responsibility to negotiate an appropriate and affordable DPA with the customer that includes payment of a portion of the customer's arrears each month along with payment

of the current bill. The payment plan should, where possible, be designed such that the customer arrears are reduced to zero over the shortest possible time but in no event later than 36 months from the date the DPA is entered into.³ All customers participating in the KeySpan Arrears Management Program must also be enrolled in the Company's Balanced Billing Program. KeySpan and the Cap agencies shall negotiate an appropriate fee with Cap agencies for performing such services. Eligible customers shall be enrolled in the program for a term not greater than the term of the DPA or 36 months. The maximum enrollment in the program at any time shall be 5,000 eligible customers.

B. Arrearage Forgiveness

Customers enrolled in the program, who maintain the terms of their DPA, shall be entitled to arrearage forgiveness of up to \$400 per year. Customer payment histories shall be reviewed every six months. If, at the time of the review, the terms of the DPA are current then \$200 arrearage forgiveness shall be applied to the account up to a maximum of \$400 over a twelve month period. If, at the time of the review, the terms of the DPA are in arrears, the customer shall be removed from the program.

C. Program Evaluation and Cost Recovery

To the extent that KeySpan incurs incremental costs as a result of the program it shall, subject to Department approval, be entitled to cost recovery based on the following criteria:

First, on an annual basis, KeySpan shall determine the program costs. Program costs will include all administrative costs, including the fee to be paid to the Cap agencies and customer arrearage forgiveness amounts less an estimation of the arrearages from program participants that would have been uncollected in the absence of the program.

³ The minimum DPA term shall be 4 months.

Second, KeySpan shall determine the program benefits. Program benefits include the reduction in Company collection costs, shut-off costs and uncollectible costs. Third, KeySpan shall subtract the benefits from the costs. If the difference results in a positive number, or cost to the Company, then, such cost will be deferred with carrying costs and recovered annually through the Company's Local Distribution Adjustment Factor.⁴

III. Conclusion

The Company appreciates this opportunity to offer additional comments regarding arrearage forgiveness and looks forward to fully participating in the Department's investigation of the appropriate standards for arrearage management programs for gas and electric companies.

Respectfully Submitted,

KeySpan Energy Delivery New England

By its Attorney,

Thomas P. O'Neill, Senior Counsel
KeySpan Energy Delivery New England
52 Second Avenue
Waltham, MA 02451
(781) 466-5136

Dated: January 17, 2006

⁴ The Department approved a similar cost recovery mechanism related to the expansion of enrollment in the Company's low income discount rate through a computer matching program with EOHHS in D.T.E. 01-106- C.